

WASHINGTON – Small businesses make up the backbone of America's economy, making up 99 percent of all employers and creating up to 80 percent of new jobs nationwide. However, there are small businesses owners, in particular, service-disabled veterans, women, minority business owners, that are underserved in the marketplace for federal contracts. Yesterday, Congressman Joe Sestak, Vice Chairman of the House Small Business Committee, spoke passionately on the House Floor about the Small Business Contracting Improvements Act (H.R. 3867) and voted for the bill's passage. — The bill also increases the limitation on Small Business Administration (SBA)-related goods and services contracts awarded without competition to \$5.1 million from \$3 million. Furthermore, the legislation would standardize the contracting programs of the Small Business Administration by mandating both prime and subcontracting goals, increasing the size of federal contracts available to small businesses, and ensuring that small businesses have access to higher dollar contracts.

Service Disabled Veteran Business Owners

- H.R. 3867 requires agencies to award contracts to a single disabled veteran-owned business without competition, also known as sole source, if the business is identified as capable of performing the contract.
- The bill provides for penalties against any company or individual that falsely represents itself as a service-disabled veteran-owned company for the purpose of obtaining federal contracts. Individuals found to have misrepresented as such would be subject to a fine of not more than \$500,000 or imprisonment for not more than 10 years, or both, and companies would be prohibited from participating in SBA programs for up to three years.

Women-Owned Businesses

- In 2005, women-owned businesses were awarded less than 4 percent of federal prime contracting. This legislation would expand opportunities for women entrepreneurs by establishing the Women's Procurement Program within the SBA to help level the playing field for women-owned businesses in federal contracting.
- H.R. 3867 allows federal agencies to limit competition for federal contracts to women business owners in industries that have traditionally been closed to them. A provision provides that, in order to be eligible for restricted competition contracts, women entrepreneurs must be economically disadvantaged.
- The bill allows small businesses that would otherwise be able to receive a contract but for the fact that the contract was placed in the Women's Procurement Program, to protest the eligibility of a particular company as woman-owned.

Historically Underutilized Business Zone (HUBZone) Program

- H.R. 3867 strengthens community development by promoting contracts for businesses in historically underutilized urban and rural areas with lower-than-average income through the HUBZone program, which provides federal contracting opportunities for qualified small businesses located in distressed areas.
- A bill provision limits the award of construction contracts with HUBZone preference to companies with a primary office location within 150 miles of where the contract work will be performed.

Section 8(a) Program

- The 8(a) Business Development Program provides business-development assistance to companies owned by socially and economically disadvantaged individuals.
- Program participants receive business development assistance from the SBA and other government agencies, such as the opportunity to receive "sole-source" contracts. These contracts cannot exceed \$3 million for goods and services, and \$5 million for manufacturing. Participants can also bid for "set-aside" contracts of any size in competition with other participants in the 8(a) Program.
- H.R. 3867 would modernize the 8(a) program, which expands opportunities for minority-owned small businesses, by updating the current economic eligibility standards for businesses (consistent with inflation) so that we do not penalize companies for success.
- The bill requires business owners to have a personal net worth of less than \$550,000 in order to participate in the 8(a) Business Development Program. It also increases the time a company can participate in the program to 10 years from nine years, and divides that time into a six-year developmental phase and a four-year transitional phase.

Congressman Sestak has been a strong advocate for small business access to federal contracting, and is a member of the Subcommittee on Contracting and Technology. He was a co-sponsor of the Small Business Fairness in Contracting Act (H.R. 1873), where he introduced an amendment that passed in the House to require large federal mega-contracts to undergo a bundling analysis to create more opportunities for small businesses, as well as an amendment to require market research for Department of Defense contracts greater than \$1 million in value.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.

— "I strongly believe in providing for economic opportunity and promise for all Americans, and this bill will ensure that federal contracting access is enhanced for veteran, women, and minority small business owners, who have been traditionally underserved. Expanding contracts to small businesses will give them the competitive edge they need in the 21st century. I am a proud supporter of this bi-partisan legislation." said Congressman Sestak.

The Small Business Contracting Program Improvement Act also provides for a contracting preference to disabled veteran-owned businesses, allows for limiting competition for federal contracts to women-owned businesses, and includes changes to the SBA Historically Underutilized Business Zone (HUBZone) Empowerment Contracting Program and the 8(a) Business Development Program.